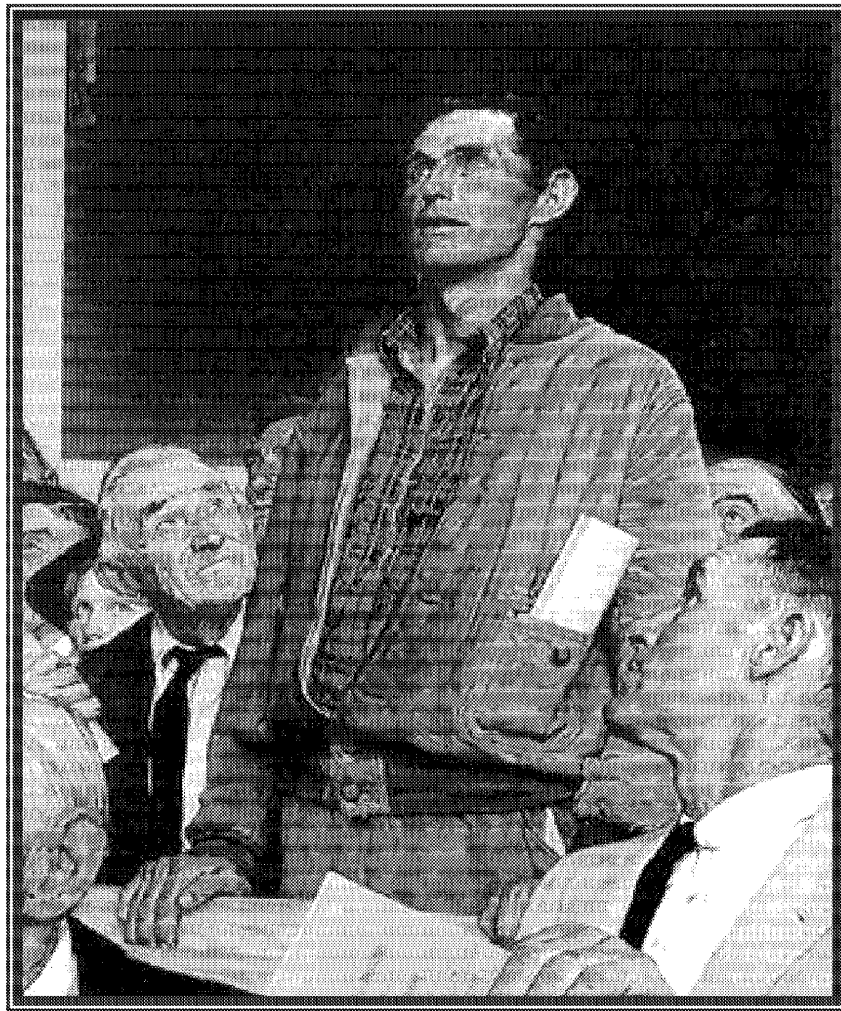
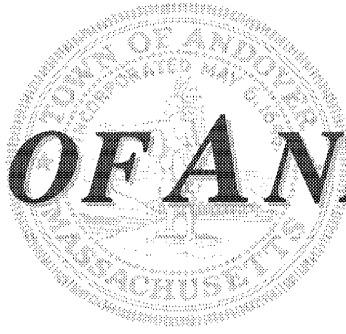
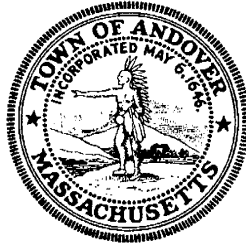


# ***TOWN OF ANDOVER***



## ***TOWN MANAGER'S RECOMMENDED FISCAL 2005 BUDGET***



## VISION STATEMENT

The Town of Andover, more than a place to live, is a way of life. Its legacy of democracy shall be preserved. Each citizen should experience the treasures of nature, history, individual respect, neighborhood, and learning. As resources and energy allow, each of these gifts from the past will be enriched in the present for those yet to be.

*Board of Selectmen*

**TOWN OF ANDOVER**  
**TOWN MANAGER'S RECOMMENDED**  
**FY2005 BUDGET**



**Cover Image**

***Freedom of Speech* – by Norman Rockwell**  
**Illustration for The Saturday Evening Post**  
**February 20, 1943**

One of Norman Rockwell's famous Four Freedoms series inspired by President Franklin Delano Roosevelt's 1941 State of the Union address in which he promoted the concept of the four basic freedoms to which all people are entitled to – freedom of speech, freedom of worship, freedom from want, and freedom from fear.

**Reginald S. Stapczynski, Town Manager**

**February 6, 2004**

# **TOWN OF ANDOVER**

## **MISSION & VALUES STATEMENT**

Developed by the  
Board of Selectmen, Town Manager, and Town Department Heads  
Adopted by the Board of Selectmen on October 6, 2003

The mission of the Town of Andover is to ensure the safety, education, and well-being of the community; to be a leader in the delivery of efficient and effective quality services that respond to community needs; to promote the continuous improvement of staff skills and performance; to encourage an environment of trust; to respect cultural and economic diversity; and to preserve the historic character of the community.

The Board of Selectmen, as the chief policy makers for the Town of Andover, Massachusetts, will provide leadership in advancing the following primary and supporting values:

### **VALUE 1. ENSURE THE SAFETY, EDUCATION, AND WELL-BEING OF THE COMMUNITY**

- 1.1 Protect the safety of persons and property
- 1.2 Maintain the high quality of education for all
- 1.3 Maintain the Town's infrastructure
- 1.4 Promote public health programs and awareness
- 1.5 Manage the impact of non-municipal public utilities
- 1.6 Support human/community services
- 1.7 Ensure compliance with regulatory requirements
- 1.8 Identify and promote economic opportunities

### **VALUE 2. BE A LEADER IN THE DELIVERY OF EFFICIENT AND EFFECTIVE QUALITY SERVICES THAT RESPOND TO COMMUNITY NEEDS**

- 2.1 Deliver innovative municipal services
- 2.2 Encourage cost saving initiatives
- 2.3 Assess and prioritize community needs
- 2.4 Maintain the Town's "Aaa" bond rating

**VALUE 3. PROMOTE THE CONTINUOUS IMPROVEMENT OF STAFF SKILLS AND PERFORMANCE**

- 3.1 Recruit, develop, and retain a highly skilled workforce
- 3.2 Promote and recognize municipal professionalism
- 3.3 Measure, evaluate, and improve performance

**VALUE 4. ENCOURAGE AN ENVIRONMENT OF TRUST AND HONESTY**

- 4.1 Uphold high ethical standards
- 4.2 Value teamwork and cooperation
- 4.3 Promote open communication with the public
- 4.4 Solicit citizen participation
- 4.5 Recognize the outstanding contributions of citizens

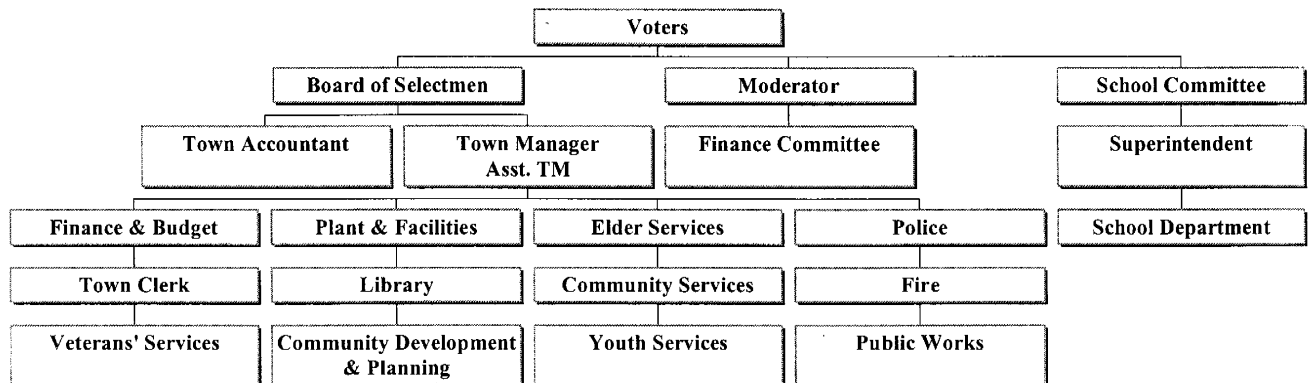
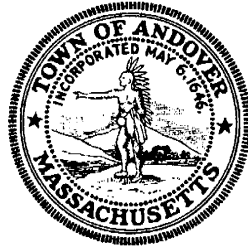
**VALUE 5. RESPECT CULTURAL AND ECONOMIC DIVERSITY**

- 5.1 Promote diversity in the workforce and community
- 5.2 Provide services that are accessible, fair, and equitable
- 5.3 Support housing alternatives

**VALUE 6. PRESERVE THE HISTORIC CHARACTER OF THE COMMUNITY**

- 6.1 Celebrate Andover's unique heritage
- 6.2 Protect and acquire open space

# TOWN OF ANDOVER



# **BUDGET PROCESS**

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The Town of Andover operates under state statutes, locally adopted by-laws, and a Town Charter (Chapter 571 of the Acts of 1956, as amended). The Charter establishes a Selectmen/Town Manager/Open Town Meeting form of government. The five-member Board of Selectmen are according to the Charter "The Makers of policy of the Town Government" (Section 1 - Board of Selectmen), and the Town Manager serves as the Chief Administrative Officer (Section 10 - Powers and Duties).

Financial projections are prepared as part of the Capital Improvement Program for the upcoming fiscal year by the middle of September. These projections are discussed in joint planning sessions with the Strategic Planning Task Force (members of the Board of Selectmen, School Committee and Finance Committee). The projections assist in establishing budget preparation guidelines. In November, the Town Manager distributes his budget guidelines and worksheets to all departments for the next fiscal year starting July 1<sup>st</sup>. Departments prepare their budget requests and return all information to the Finance Director and Town Manager by early winter. During January they meet with department heads to discuss requests.

The Charter requires the Town Manager to submit his recommended budget to the Board of Selectmen and Finance Committee (Section 15 - Estimate of Expenditures). Town By-law, Article IV, Section 6, stipulates that the annual budget shall be submitted to those bodies on or before the first Friday of February of each year.

During the months of February and March the Board of Selectmen and Finance Committee conduct a joint series of public meetings to review and discuss the departmental budgets. These meetings are open for questions from the public. Meeting notices are posted at least 48 hours in advance and the schedule is posted in the local newspaper and on the local government channel 22. The Finance Committee responsibilities are described in Town By-laws Article III, Section 3 (Composition; term of office; powers and duties). The Town Meeting voters are advised on all financial matters by a nine member Finance Committee appointed by the Town Moderator who is elected each year.

## **BUDGET APPROPRIATION AND AMENDMENT**

The legislative body of the Town is an "open town meeting." All registered voters are entitled to attend and vote on any matter that comes before the Town Meeting. Town Meeting has the authority to appropriate funds for the operating and capital budget except for specific cases where state statutes or regulations do not require appropriation. Any amendments to appropriations require Town Meeting vote at either a regular or special town meeting. (Massachusetts General Laws, Chapter 40, Section 5). The procedures for a town meeting are specified in Town By-laws Article II. The Town Meeting warrant (items to be voted on) is published in the local newspaper at least 14 days before the day of the town meeting.

The Finance Committee mails the warrant and its report and recommendations to all households at least 10 days prior to the Annual Town Meeting.

At Town Meeting, reports and recommendations are presented by the Board of Selectmen, Finance Committee, Planning Board, and other interested parties. Town Meeting votes and appropriates the budget and all other financial articles presented at a town meeting.

## **BUDGET BASIS**

The budget for the Town is presented on a cash basis. This means that transactions are recorded when expenditures are disbursed and when revenues are received. Obligations of the town (i.e., outstanding purchase orders) are not reflected as expenditures in the year incurred but are reflected in the year disbursed. Funds for these obligations are reflected as "continued" appropriations from the prior fiscal year.

The budget presents only the General Fund and the Enterprise Funds, which are required by state statute to be appropriated by Town Meeting. Revenues from various Special Revenue Funds are shown as credits within specific department budgets to provide a funding source for specific purposes.

# BUDGET PROCESS

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## BUDGET SCHEDULE

September - October	Pre-budget Planning: Financial forecast and Capital Improvement Program prepared and distributed to Selectmen, Finance Committee and School Committee. Strategic Planning Task Force holds planning meetings.	
November - January	All Town departments submit budget requests to the Town Manager.	All School departments submit budget request to the Superintendent of Schools.
January	Town Manager reviews budget requests and submits his recommended annual budget (this document) to the Board of Selectmen and the Finance Committee.	School Superintendent review budget requests and submits her recommended budget to the Town Manager and School Committee.
February - April	Board of Selectmen and Finance Committee Review Town Manager's Proposed Budget and CIP.	School Committee and Finance Committee review Superintendent's Preliminary Budget.
April	Final Board of Selectmen, Finance Committee and Town Manager recommendations are published and sent to all households in Andover.	School Committee finalizes recommendations and submits them for inclusion in the Finance Committee Report.
Ten days before first Town Meeting business session	Finance Committee report, including Town Meeting Warrant, mailed to all Andover households ten days prior to the start of Town Meeting.	



JOINT BOARD OF SELECTMEN AND FINANCE COMMITTEE  
BUDGET DISCUSSION SCHEDULE

Wednesday, February 11<sup>th</sup>

- Town Manager to present Town Manager's FY-2005 Recommended Budget
- Fixed Costs

Monday, February 23<sup>rd</sup>

- Police Department
- Community Services

Wednesday, February 25<sup>th</sup>

- Plant and Facilities Department
- Community Development & Planning

Thursday, February 26<sup>th</sup>

- Budget Forum at Memorial Hall Library

Friday, February 27<sup>th</sup>

- Budget Forum at the Senior Center (morning forum planned but not confirmed)

Wednesday, March 3<sup>rd</sup>

- Fire Department
- Veterans Services
- Youth Services

Monday, March 8<sup>th</sup>

- School Department at Memorial Hall Library

Wednesday, March 10<sup>th</sup>

- Memorial Hall Library
- Department of Public Works

Wednesday, March 17<sup>th</sup>

- Elder Services
- General Government (Town Accountant, Town Clerk, Finance Department)

All meetings will be held in the Selectmen's Conference Room, Town Offices, at 7:00 P.M., except where noted.



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# TOWN OF ANDOVER

Town Offices  
36 Bartlet Street  
Andover, MA 01810  
(978) 623-8200  
[www.town.andover.ma.us](http://www.town.andover.ma.us)

## **FISCAL YEAR 2005 BUDGET TRANSMITTAL LETTER FEBRUARY 6, 2004**

Chairman John P. Hess  
and Members of the Board of Selectmen,  
and Chairman Joanne F. Marden  
and Members of the Finance Committee

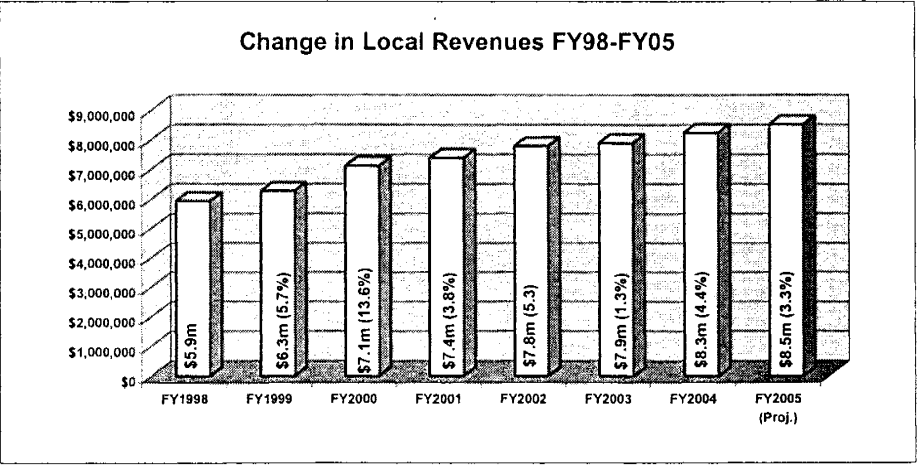
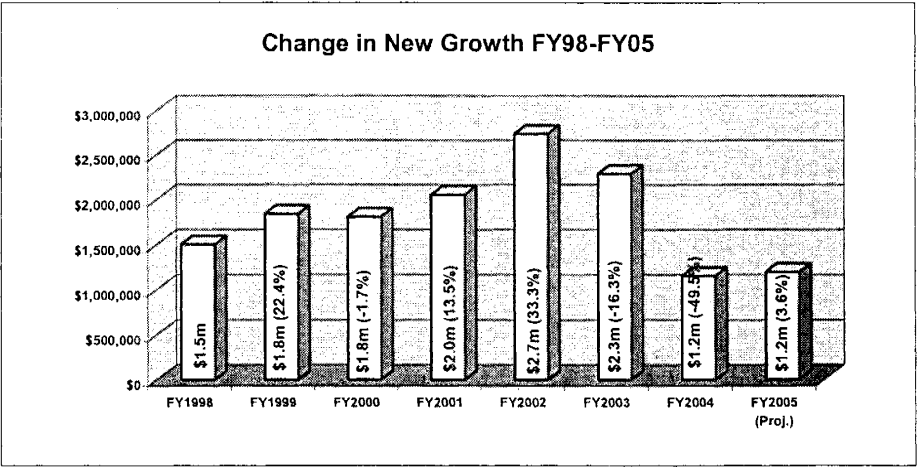
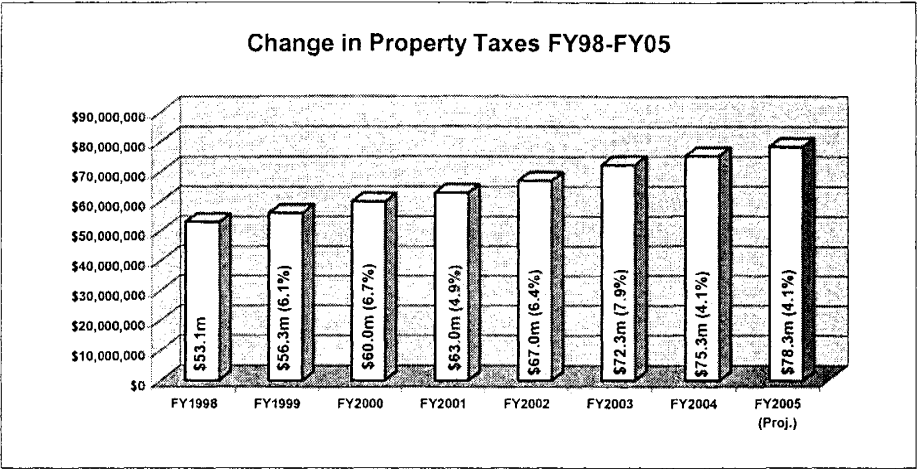
Dear Members:

The Town Manager's Recommended Budget for FY-2005 presented to you today is one of the more difficult budgets I have had to develop. Although the numbers balance, there are service needs and program requirements that are unmet. These shortcomings will be addressed in the coming months as the budgets are reviewed by the Board of Selectmen and Finance Committee. In fact, the theme of this year's document, "Balancing the Budget in Difficult Times", demonstrates that the budget preparation process in recession years is particularly competitive as it pits one public service against another. Andover officials have been successful in working through these lean times and have hammered out recommended budgets that are acceptable to the voters at the Annual Town Meeting. I am confident that the end result of this budget deliberation process will be no exception.

The FY-2005 Town Manager's Recommended Budget is \$116,164,752. This is an increase of 3.9% over the FY-2004 Budget.

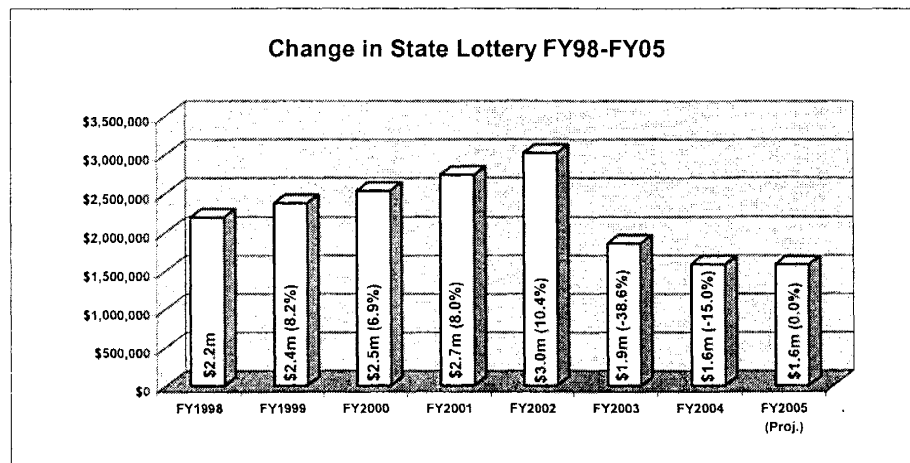
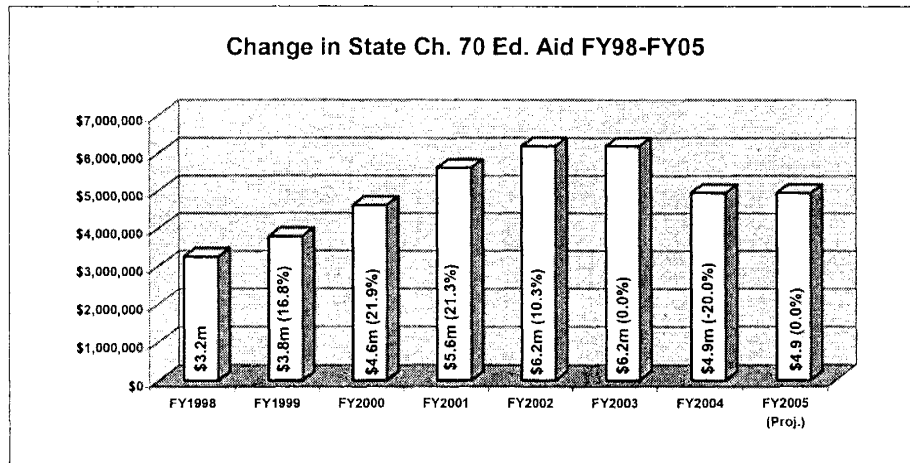
With the passage of Proposition 2½ some twenty years ago, a municipality's revenue budget is as important as the expense or operating budget. The revenue budget has two major sources: property taxes/other local revenues and state revenues. The Town's local revenues have been holding their own during this recession. In fact, local receipts which are generated from auto excise taxes, licenses/permits, fines, etc., have been increasing at modest levels over

the last few years. However, there are two areas where local revenues have experienced decreases: new growth from real estate construction and investment income.

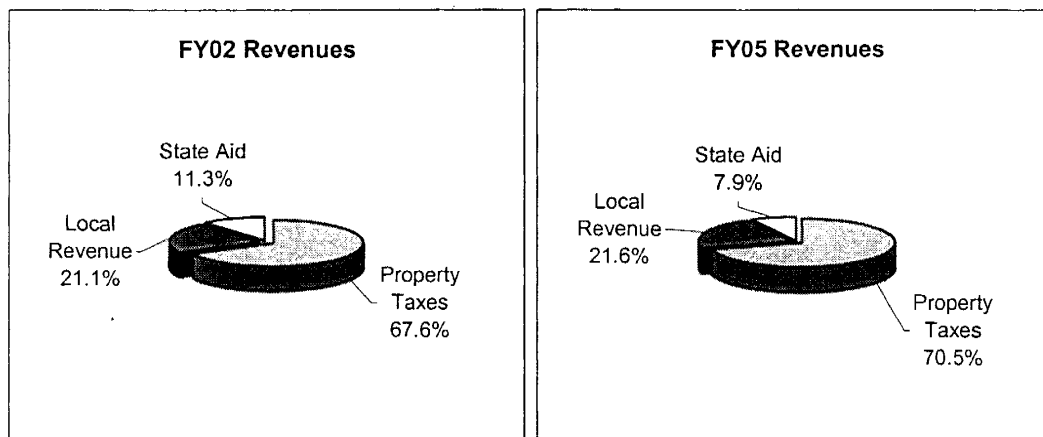


The revenues received from the Commonwealth are known as State Aid. Last year, all cities and towns were notified of reductions in State Aid when Governor Romney took office in January. Andover's cut at that time was \$173,399. For FY-2004, the Governor and Legislature reduced State Aid considerably – Chapter 70 Education Aid by \$1.23M or 20% and Lottery Aid by \$962,000 or 15%. School Transportation Program revenue was completely eliminated at the cost of \$319,373. Both Regional Public Library Aid and School Building Assistance funds were reduced by \$20,000 each. Cuts in these five State Aid categories cost Andover \$2,551,000. This reduction seriously impacted the Town's revenue budget. We must work with our legislative delegation to ensure that the financial compact between municipalities and the Commonwealth is re-affirmed in order to prevent any further erosion of State Aid.

For FY-2005, all State Aid categories are level-funded in accordance with the Governor's Proposed Budget, House 1.



The previous five charts demonstrate that over the last three years as the State has reduced State Aid, the Town has been forced to increase property taxes and other local revenues to make up for that shortfall. Much has been written and spoken about the over-reliance on property taxes to fund municipal budgets. The reality is that the property tax is regressive and it hurts those taxpayers who are on fixed incomes the most – our senior citizens. The following two pie charts show how the source of funds has changed from FY-2002 to FY-2005.



The operating budget for FY-2005 is recommended with a minimal increase – three tenths of one percent - (3/10%) over last year. This is essentially a level-funded budget for all departments. The School Committee's requested budget for FY-2005 is \$48,990,929. The amount allocated in the Town Manager's Recommended Budget is \$47,525,739. The difference between their request and the available funds will be the focus of lengthy deliberations as the entire budget is reviewed between now and Town Meeting.

The Town Manager's Recommended Budget represents a thoughtful and deliberate effort to maintain quality services to all sectors of the public. This effort, however, does not mean that this quality will be unaffected. In order to present a document that is within the Town's resources and financial guidelines, I am recommending a level-funded budget balanced by reductions in expenses and increases in user fees. At the same time as budget managers are reducing their expense budgets, the cost of utilities are increasing which places even greater

pressure on departmental operating budgets. The following are a few examples of reductions in this budget:

- No additional staff and wage increase are recommended.
- Reductions in overtime, seasonal help and materials will place additional pressure on employees to deliver vital service to the public.
- Cutbacks in inspectional staff will result in service delays.
- Reductions in the materials budget will affect the collections at Memorial Hall Library.
- Cutbacks in the Highway Department will reduce the amount of road and sidewalk repairs;
- The Police Department's "New Horizons for Youth" program will be reduced because of a cutback in after-school support funds.

User fees will be increasing or have increased in the following areas:

- Library patrons using tapes and dvds will be charged a rental fee.
- Fire Department ambulance fees have increased.
- Participants in DCS and AYS programs and activities will pay more to cover the cost of providing these services.
- Police Department fingerprinting and clean record check fees have increased.
- All other departments and divisions will be re-examining their fee structure to ensure that they are kept up-to-date.

In January, Governor Romney spoke to Selectmen, Mayors, Town Managers and other local officials at the Massachusetts Municipal Association's Annual Meeting. His administration is painfully aware of the affect that the sudden and dramatic cuts in State Aid had in cities and towns. He told us that his budget, House 1, would provide financial relief to municipalities in five ways:

- State Aid – He promised to level-fund it for FY-2005.

- Education – He proposed a new initiative, entitled “Legacy of Learning” to increase funding to public education and to restructure the existing School Building Assistance program to the benefit of the State and cities and towns.
- Public Construction – He wants to reform the “burdensome construction and bidding rules” that govern public construction.
- Pension – He called for specific pension reforms and regulation changes to the current system.
- Mass Turnpike Authority and Mass Highway Department – He proposed the consolidation of these two departments to create budgetary savings which would fund the reforms and initiatives his Administration has outlined in House 1.

The Winter/Spring 2004 budget season is now officially underway! The joint Board of Selectmen and Finance Committee meeting schedule for February and March is included in the front pages of this document. Also, in an effort to create a dialogue with residents and taxpayers about the budget for FY-2005, the Strategic Planning Task Force will sponsor a Budget Forum on Thursday, February 26<sup>th</sup> at 7:00 P.M. in the Memorial Hall Library and a second one is in the planning stages for Friday morning, February 27<sup>th</sup> in the Senior Center. Your participation in these budget meetings and forums is important in assisting us in determining spending levels and priorities in these difficult times.

The public can view and/or print the entire FY-2005 Town Manager’s Recommended Budget from the Town’s website at [www.town.andover.ma.us](http://www.town.andover.ma.us).

The Town’s seniors continue to tell us that it is difficult for them to afford living in Andover. The following are a few ways in which their real estate tax burden may be eased: 1) Elderly exemptions – Clause 17D and Clause 41C; 2) Senior citizen deferral of local property taxes – Clause 41A. The Board of Assessors is proposing a warrant article to change Clause 41A and provide a greater opportunity for seniors of limited income to defer their real estate taxes; 3) The Senior “Circuit Breaker” Tax Credit Program. This program reduces State income taxes owed for senior citizens whose property taxes plus 50% of water/sewer charges exceed ten percent of their income; and 4) The Senior Citizen and Disabled Persons Tax Voucher Program

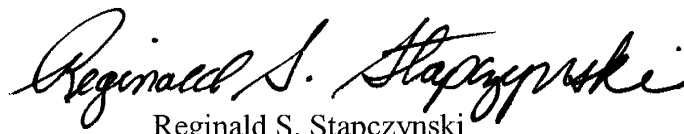


offered by the Town of Andover. Through this program, a senior or disabled person can receive a \$600 reduction in their local property tax liability by working one hundred hours. For further information on any or all of these programs, please contact the Senior Center or the Assessor's Office.

The Annual Town Election is being held on Tuesday, March 23<sup>rd</sup> and the Annual Town Meeting is Monday, April 26<sup>th</sup>, Tuesday, April 27<sup>th</sup> and Monday, May 3<sup>rd</sup>. These meetings take place in the Field House and the Collins Center on the campus of Andover High School. Our Open Town Meeting form of government depends on you. Please plan to participate.

Finally, I want to take this opportunity to thank Finance Director Anthony Torrisi, Assistant Town Manager Steven Bucuzzo, the department and division heads, budget managers, Superintendent of Schools Claudia Bach, School Business Manager Bernie Tuttle, Executive Assistant Sandy Cassano and Administrative Secretary Carolyn Lynch for their hard work and the high level of effort that went into preparing this year's Town Manager's Recommended Budget.

Respectfully submitted,

A handwritten signature in black ink, reading "Reginald S. Stapczynski". The signature is written in a cursive style with a large, stylized "R" and "S".

Reginald S. Stapczynski  
Town Manager



# Executive Summary



## **EXECUTIVE BUDGET SUMMARY**

### **THE BUDGET**

The FY-2005 Town Manager's Recommended Budget totals \$116,164,752 which is a 3.9% increase over the FY-2004 Budget of \$111,790,811. The sum of \$110,803,060 is recommended for the operating budget (Articles 4 and 5 – Annual Town Meeting). The \$5,361,692 difference covers the warrant articles, State assessments, abatements and exemptions, and any current year deficits.

### **TOWN DEPARTMENTS**

The FY-2005 Town Manager's Recommended Budget for Town operating departments is \$29,227,489. This represents an increase of only \$24,562 or one tenth of one percent (1/10%) from the appropriation for FY-2004 of \$29,202,927. This budget recommendation includes Personal Services and Operating Expenses for all Town departments and joint Town/School Plant and Facilities Department. The Capital Projects Fund of \$2,045,000 and Water/Sewer appropriation of \$5,653,197 are excluded from this total. The Capital Projects Fund is recommended to be appropriated in a separate warrant article (Warrant Article 5 - Capital Projects Fund).

Again this year, the senior staff engaged in the "Brainstorming for a Balanced Budget" process. The budget managers employed a number of principles and ground rules to develop their proposals. The following are some of those principles: a) maintain and preserve a basic level of services and standards; b) sustainable savings; c) user fees that are realistic; d) all departments contribute, etc.

With these principles in mind, the following is a brief summary of the recommended budget impacts:

- Total personal service budget is increased by only \$101,800 or ½%, this includes all step increases as well as:
  - \* No wage or cost-of-living adjustments;
  - \* No layoff – maintain existing staffing levels;
  - \* Overtime accounts reduced \$42,800; and
  - \* Seasonal personnel accounts reduced \$26,000.
  
- Total expense budget is decreased by \$77,238 or 1.0%, this is net of increases in utility accounts of \$126,550 and in snow/ice account of \$100,000.

Individual operating budgets are shown following the Executive Summary.

### **SCHOOL DEPARTMENT**

The FY-2005 Town Manager’s Recommended Budget for the School Department is \$47,525,739. It represents an increase of \$637,473 or 1.4% from the FY-2004 appropriation of \$46,888,266. The Superintendent’s Preliminary Budget and Executive Summary is found in the School Budget section.

### **OTHER BUDGET HIGHLIGHTS**

For FY-2005 the following accounts will be increasing or decreasing:

- **Water and Sewer Division Operating Budget.** The Water and Sewer Divisions operating budgets are shown separate from the DPW operating budget and are presented as enterprise line item appropriations at Town Meeting. For FY-2005, the sum of \$5,653,197 is recommended. This is a 6% increase from the FY-2004 appropriation of \$5,333,411.

- **Greater Lawrence Technical High School.** For FY-2005, the sum of \$90,000 is recommended. This amount is a preliminary estimate at this time and it will change when the Regional School Committee votes on its appropriation in the coming months.
  
- **Debt Service.** The sum of \$12,915,086 is recommended. This is an increase of \$88,268 or 7/10% over the FY-2004 appropriation. In June, 2003, the Town refunded some of the higher interest debt for a lower interest cost. This advance refunding will save the Town \$100,000 per year for fifteen years. The debt service for the Schools and the Public Safety Center are financed through a Proposition 2½ debt exclusion and the debt service for the sewer project is funded through a combination of sewer betterments and the sewer use charges.
  
- **Employee Health Insurance.** The sum of \$8,370,000 is recommended. This is an increase of \$1,395,000 or 20% over the FY-2004 appropriation. In order to address the on-going health insurance crisis, Town officials instituted the Insurance Advisory Committee. The IAC is a committee composed of representatives from all of the School and Town unions or bargaining groups, School Committee, Finance Committee and Board of Selectmen and senior staff. The IAC and the Town's insurance advisors are exploring any and all options/alternatives to address the escalating costs of health insurance for the employees and the Town. Blue Cross/Blue Shield, the Town's health insurance provider, is also suggesting plan design changes. The Town is looking at the health insurance programs and costs of our sixteen comparable communities as a way to benchmark against their experiences. Ultimately, any changes to the plan design must be negotiated with the Town and School collective bargaining groups.
  
- **General Insurance.** The sum of \$741,000 is recommended. This is a \$5,000 or 7/10% increase over the FY-2004 appropriation.
  
- **Compensation Fund.** This budget does not include a recommended sum for wage adjustments for FY-2005. The Town's collective bargaining units do not have wage

agreements for FY-2005 and beyond. Collective bargaining is now underway for FY-2005.

- **Retirement Fund.** The sum of \$3,735,549 is recommended for FY-2005. This is an increase of \$77,525 or an increase of 2.1% over the FY-2004 appropriation. The Retirement Board has hired an actuarial consultant to update their funding schedule as required by P.E.R.A.C. This new schedule will be effective FY-2006.
- **Reserve Fund.** The sum of \$200,000 is recommended for the Finance Committee's Reserve Fund.
- **State/County Assessments.** The charge by the State is projected to increase by \$207,357 due to an additional \$180,000 in Retired Teachers' Health Insurance and a new assessment this year for the MBTA of \$43,501.

### **CAPITAL IMPROVEMENT PROGRAM**

The Town Manager's Recommended Capital Improvement Program for FY-2005 totals \$8,381,500. The Town Manager submitted the five-year Capital Improvement Program to the Board of Selectmen and Finance Committee and in it the Capital Project needs for each department are identified. The Board of Selectmen, Finance Committee and School Committee have reviewed this document. The Selectmen, in mid-December, adopted the Capital Improvement Program with several amendments pending the availability of funds. Please refer to the Capital Improvement Program section at the back of the budget document for additional information.

For FY-2005 it is recommended that the Capital Projects Fund be shown in Warrant Article 5, the Capital Projects Fund, directly following Warrant Article 4, the Budget. The Town's Auditors have recommended that a multi-year capital improvement program be voted separately from the Budget so any balance can be carried forward to subsequent fiscal years.

## FINANCIAL WARRANT ARTICLES

Other appropriation warrant articles not included in Article 4, the Budget, or Article 5, the Capital Projects Fund total \$7,262,000. This sum would require funding from taxation, available funds or borrowing. All of the financial warrant articles are listed in the Executive Summary.

## REVENUES

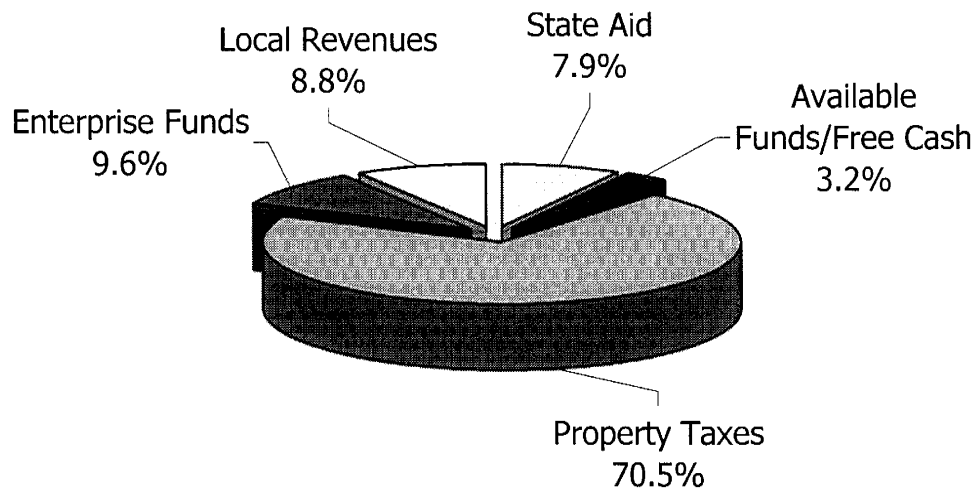
For FY-2005, it is projected that the total revenue and other funding sources for the Town of Andover will be \$116,164,752. Property taxes account for 70.5% of the Town's revenue. Local revenues account for 21.6% of the revenue budget and State Aid contributes 7.9%. The Financial Summary section contains a variety of charts and other useful information on Andover revenues.

- **Property Taxes.** The FY-2005 tax levy is projected to be \$81,882,002. This is a 3.4% increase over the FY-2004 levy. Approximately \$3.5M of the tax levy is attributed to the Proposition 2½ debt exemptions for school and public safety construction. The Town Assessor has estimated that the new growth for FY-2005 to be \$1.2M. This is a result of the recession, the weak real estate market and the slowdown in industrial/commercial and residential construction. Forty-four new single-family homes were built in Town in 2003. The average assessed value of these new homes is \$883,500.
- **State Aid.** The sum of \$9,163,303 is the estimated State Aid number for FY-2005 compared to \$9,198,703 in FY-2004. State Aid is basically level-funded. This decrease of less than one percent is due to a \$70,000 reduction in Regional Public Library Aid.
- **General Local Revenues.** The general local revenues are projected at \$8,530,000. This is an increase of 3.3%. This is due to a fee increase for building permits and strong growth in hotel/motel tax receipts and motor vehicle excise taxes.

- **Water and Sewer Enterprise Funds.** The Water and Sewer Division revenues are expected to be sufficient to cover costs of \$11,203,798 for FY-2005. Additional information is provided in the Water and Sewer budget pages.
  
- **Free Cash.** The Free Cash projected to be available for the Annual Town Meeting is \$4,413,574. This FY-2005 budget and other warrant articles would appropriate \$3,339,000 from Free Cash for purposes such as \$500,000 to be used for unemployment compensation, \$300,000 to be used for the operating budget, \$300,000 to be used for the accumulated employee benefit fund, \$600,000 to be used to cover any deficit in health insurance, snow and ice control and the SPED Out-of-District Placement and Transportation accounts and \$1,639,000 to be used for capital and other warrant articles. The Free Cash balance, if the Annual Town Meeting follows this recommended use, will be \$1,074,574.
  
- **Excess Levy Capacity.** The budget planning model used to establish this budget does not result in any excess levy. This budget, like the last two years, uses all the available property taxing capacity. There is a chart in the Supplemental Section that shows how the tax levy is calculated and the history of the Town's excess tax levy capacity.
  
- **Stabilization Fund.** At the 2002 Annual Town Meeting, the sum of \$600,000 was transferred to the Capital Projects Fund in the operating budget for FY-2003. As of June 30, 2003, the Stabilization Fund balance was \$435,772. No funds were appropriated to or from the Stabilization Fund in FY-2004. The FY-2005 budget does not recommend using any of the Stabilization Fund.



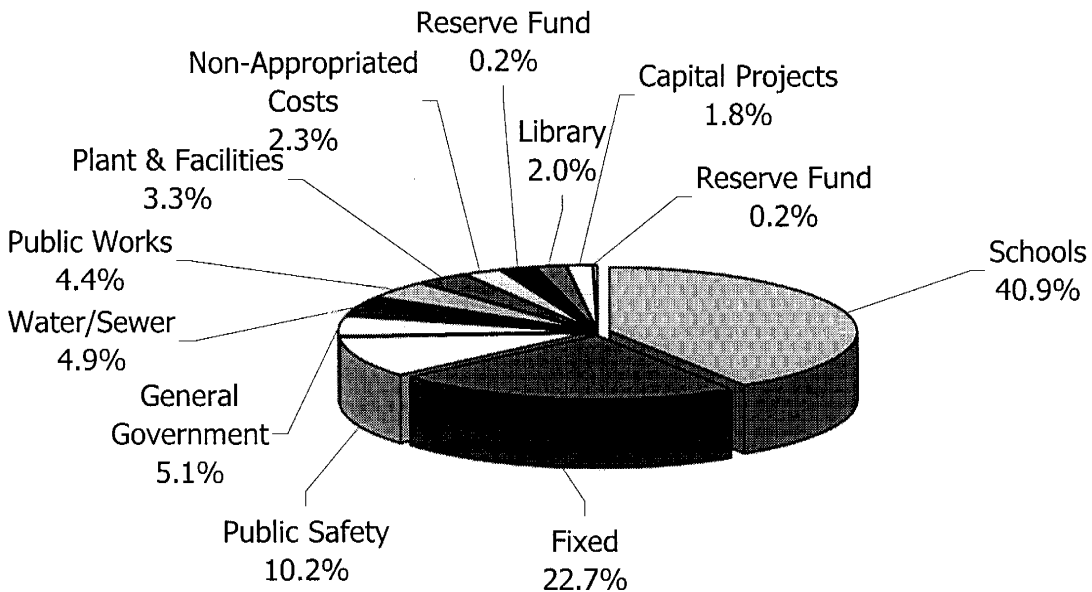
## SOURCE OF FUNDS - FY2005



### TOWN MANAGER RECOMMENDED - FY2005

Property Taxes	\$81,882,002	70.5%
Enterprise Funds	\$11,203,798	9.6%
Local Revenues	\$10,215,820	8.8%
State Aid	\$9,163,303	7.9%
Available Funds/Free Cash	<u>\$3,699,829</u>	<u>3.2%</u>
	\$116,164,752	100.0%

## USE OF FUNDS - FY2005



### TOWN MANAGER RECOMMENDED - FY2005

Schools	\$47,525,739	40.9%
Fixed	\$26,351,635	22.7%
Public Safety	\$11,827,387	10.2%
General Government	\$5,927,045	5.1%
Water/Sewer	\$5,653,197	4.9%
Public Works	\$5,135,979	4.4%
Plant & Facilities	\$3,820,985	3.3%
Non-Appropriated Costs	\$2,699,692	2.3%
Warrant Articles	\$2,662,000	2.3%
Library	\$2,316,093	2.0%
Capital Projects	\$2,045,000	1.8%
Reserve Fund	<u>\$200,000</u>	<u>0.2%</u>
	<b>\$116,164,752</b>	<b>100.0%</b>

# ARTICLE 4 AND 5

## 2003 TOWN MEETING - FY2004 OPERATING BUDGET

LINE ITEM	ACTUAL FY 2002	ACTUAL FY 2003	BUDGET FY 2004	TOWN MANAGER RECOMMENDED FY2005
GENERAL GOVERNMENT				
1 PERSONAL SERVICES	1,758,888	1,859,786	1,858,179	1,997,921
2 OTHER EXPENSES	<u>936,194</u>	<u>1,017,106</u>	<u>1,002,285</u>	<u>1,012,729</u>
TOTAL	2,695,082	2,876,892	2,860,464	3,010,650
COMMUNITY DEVELOPMENT				
3 PERSONAL SERVICES	1,148,735	1,167,247	1,135,087	1,214,874
4 OTHER EXPENSES	<u>125,772</u>	<u>122,003</u>	<u>107,200</u>	<u>100,325</u>
TOTAL	1,274,507	1,289,250	1,242,287	1,315,199
Line item 3 includes \$6,000 in receipts from wetland filing fees.				
COMMUNITY SERVICES				
5 PERSONAL SERVICES	589,602	583,832	586,627	607,138
6 OTHER EXPENSES	<u>291,213</u>	<u>289,760</u>	<u>283,345</u>	<u>269,270</u>
TOTAL	880,815	873,592	869,972	876,408
Line item 5 and line item 6 include \$295,700 and \$218,120 respectively in receipts from programs and activities.				
ELDER SERVICES				
7 PERSONAL SERVICES	546,361	568,618	579,363	610,788
8 OTHER EXPENSES	<u>116,027</u>	<u>135,186</u>	<u>114,000</u>	<u>114,000</u>
TOTAL	662,388	703,804	693,363	724,788
Line item 7 includes \$45,000 in federal grants, \$40,000 in grants and \$77,000 in meals donations, adult day receipts and newsletter ads.				
PLANT AND FACILITIES				
9 PERSONAL SERVICES	2,476,593	2,709,365	2,708,301	2,704,275
10 OTHER EXPENSES	1,239,120	1,288,102	1,144,560	1,116,710
ART 5 CAPITAL PROJECTS FUND	<u>1,972,148</u>	<u>1,523,248</u>	<u>1,751,000</u>	<u>2,045,000</u>
TOTAL	5,687,861	5,520,715	5,603,861	5,865,985
Line item 9 includes \$100,000 in rental receipts, \$80,000 from perpetual care and \$45,000 from sale of lots.				
PUBLIC SAFETY				
11 PERSONAL SERVICES	9,806,839	10,737,347	10,776,183	10,881,258
12 OTHER EXPENSES	<u>673,029</u>	<u>812,829</u>	<u>852,411</u>	<u>946,129</u>
TOTAL	10,479,868	11,550,176	11,628,594	11,827,387
Line item 11 includes: \$113,791 - parking receipts, \$60,000 - detail fees, and \$750,000 - ambulance collections				
Line item 12 includes \$13,600 from parking meter receipts.				
PUBLIC WORKS				
13 PERSONAL SERVICES	1,417,361	1,502,822	1,414,940	1,460,729
14 OTHER EXPENSES	<u>3,595,995</u>	<u>4,385,894</u>	<u>3,809,250</u>	<u>3,675,250</u>
TOTAL	5,013,356	5,888,716	5,224,190	5,135,979

# ARTICLE 4 AND 5

## 2003 TOWN MEETING - FY2004 OPERATING BUDGET

LINE ITEM	ACTUAL FY 2002	ACTUAL FY 2003	BUDGET FY 2004	TOWN MANAGER RECOMMENDED FY2005
SEWER				
15 PERSONAL SERVICES	249,592	305,314	329,532	360,097
16 OTHER EXPENSES	<u>1,325,160</u>	<u>1,397,946</u>	<u>1,545,300</u>	<u>1,625,100</u>
TOTAL	1,574,752	1,703,260	1,874,832	1,985,197
WATER				
17 PERSONAL SERVICES	1,346,054	1,407,993	1,531,854	1,570,275
18 OTHER EXPENSES	<u>1,767,658</u>	<u>1,647,023</u>	<u>1,926,725</u>	<u>2,097,725</u>
TOTAL	3,113,712	3,055,016	3,458,579	3,668,000
LIBRARY				
19 PERSONAL SERVICES	1,744,280	1,704,764	1,708,396	1,791,893
20 OTHER EXPENSES	<u>637,484</u>	<u>549,756</u>	<u>522,800</u>	<u>524,200</u>
TOTAL	2,381,764	2,254,520	2,231,196	2,316,093
UNCLASSIFIED				
21 COMPENSATION FUND			400,000	
22 RESERVE FUND			<u>200,000</u>	<u>200,000</u>
TOTAL			600,000	200,000
ANDOVER SCHOOL DEPT				
23 PERSONAL SERVICES	34,338,586	36,957,763	37,031,391	
24 OTHER EXPENSES	<u>9,197,168</u>	<u>10,450,404</u>	<u>9,856,875</u>	<u>47,525,739</u>
TOTAL	43,535,754	47,408,167	46,888,266	47,525,739
Line item 24 includes \$100,000 in insurance collections for student services.				
GR LAW TECH SCHOOL				
25 GR LAW ASSESSMENT	<u>73,882</u>	<u>75,388</u>	<u>148,958</u>	<u>90,000</u>
TOTAL	73,882	75,388	148,958	90,000
FIXED				
26 DEBT SERVICE	10,853,641	12,347,659	12,826,818	12,915,086
27 STABILIZATION FUND	74,769			
28 GENERAL INSURANCE	541,800	669,197	736,000	741,000
29 UNEMPLOYMENT COMP.			500,000	500,000
30 RETIREMENT FUND	3,823,848	3,549,044	3,658,024	3,735,549
31 HEALTH INSURANCE FUND	<u>4,000,000</u>	<u>5,555,000</u>	<u>6,975,000</u>	<u>8,370,000</u>
TOTAL	19,294,058	22,120,900	24,695,842	26,261,635
GRAND TOTAL	96,667,799	105,320,396	108,020,404	110,803,060
less dedicated Revenues	<u>(1,642,750)</u>	<u>(2,253,991)</u>	<u>(1,859,707)</u>	<u>(1,944,211)</u>
NET TOTAL	95,025,049	103,066,405	106,160,697	108,858,849

## **OTHER APPROPRIATION ARTICLES**

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The following Town Meeting Warrant Articles have a direct dollar cost and are not included in the Operating Budget or the Capital Projects Fund (Articles 4 & 5). These articles can be submitted by Town Boards, Committees, Commissions or private citizen petition. If approved at the Annual Town Meeting, these articles will be funded from free cash, taxation, borrowing, enterprise reserves, or other available funds.

### **From Free Cash**

	Free Cash Starting Balance	\$4,413,574
P-7 Supplemental Appropriations – FY2004 Budget		\$600,000
P-8a Free Cash towards the FY2005 Budget (operations)		\$300,000
P-8b Free Cash towards the FY2005 Budget (unemployment insurance)		\$500,000
P-14 Senior Center Design		\$500,000
P-24 Collins Center HVAC Units		\$475,000
P-25 Fire Rescue/Ladder Truck		\$600,000
P-32 Accumulated Employee Benefit Account		\$300,000
P-42 Downtown ADA Grant Program		\$25,000
P-43 Pond Dredging – Rattlesnake Road		\$30,000
P-46 July 4 <sup>th</sup> Fireworks		\$9,000
		<hr/>
		\$3,339,000
	Free Cash Ending Balance	\$1,074,574

### **From Taxation**

P-13 Elderly/Disabled Transportation Program	\$25,000
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	\$25,000

### **From Tax Impact Bonding**

P-23 High Plain Rd. @ Fish Brook Reconstruction	\$900,000
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	\$900,000

### **From Parking Meter Receipts**

P-27 Parking Management Program Equipment	\$98,000
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	\$98,000

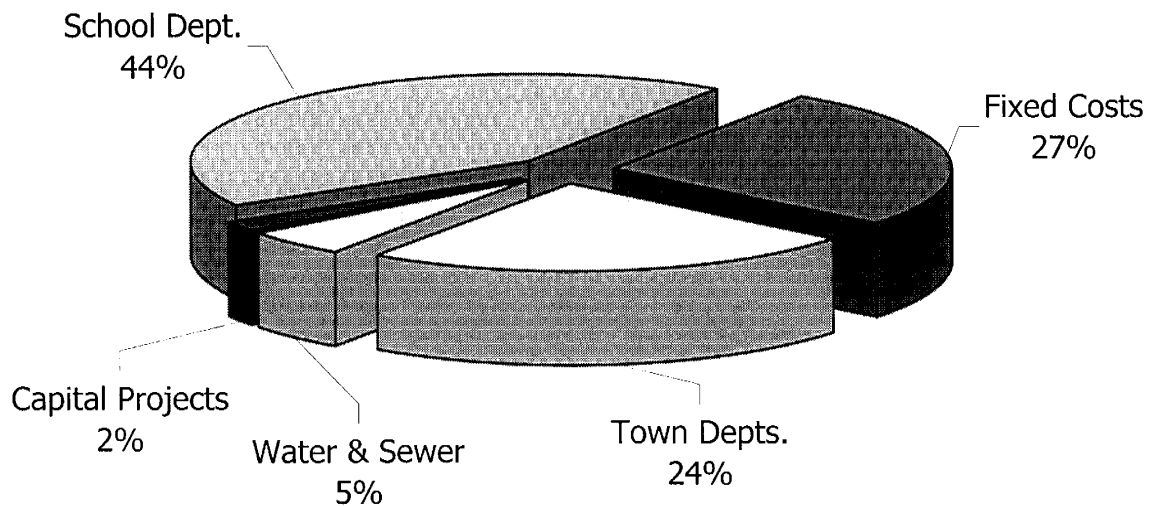
### **From Enterprise Reserves, Transfers & Other Available Funds**

P-20 Water Meter Replacement Program (Water & Sewer Fund Reserves and Transfers)	\$900,000
P-21 Sanitary Sewer Replacement Program (Sewer Fund Reserves)	\$100,000
P-22 Rehabilitation of Water Storage Tanks (Water Fund Reserves)	\$400,000
P-26 Water Distribution Improvements (Water Fund Reserves)	\$250,000
P-44 Sanitary Sewer Projects (Sewer Fund Borrowing)	\$1,250,000
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	\$2,900,000

## OPERATING BUDGET CHANGE FY04 TO FY05

	<b>FY2004</b>	<b>FY2005</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
School Dept.	\$46,888,266	\$47,525,739	637,473	1.4%
Town Depts.	\$29,202,927	\$29,227,489	24,562	0.1%
Fixed Costs	\$24,844,800	\$26,351,635	1,506,835	6.1%
Water & Sewer	\$5,333,411	\$5,653,197	319,786	6.0%
Capital Projects	\$1,751,000	\$2,045,000	294,000	16.8%
<b>OPERATING BUDGET</b>	<b>\$108,020,404</b>	<b>\$110,803,060</b>	<b>2,782,656</b>	<b>2.6%</b>
<i>Less Dedicated Revenues</i>	<i>-\$1,859,707</i>	<i>-\$1,944,211</i>		
<b>NET OPERATING BUDGET</b>	<b>\$106,160,697</b>	<b>\$108,858,849</b>	<b>2,698,152</b>	<b>2.5%</b>

## FY2005 OPERATING BUDGET PROPORTIONS



## TAX RATE RECAP

	<u>FINAL FY2002</u>	<u>FINAL FY2003</u>	<u>FINAL FY2004</u>	<u>TM REC FY2005</u>
<b>EXPENDITURES</b>				
Appropriations & Articles	100,219,511	108,183,206	109,611,569	113,465,060
Other Local Expenditures:				
Tax Title Purposes	1,000	1,000	5,000	5,000
Final Court Judgements	0	0	0	0
Overlay/ Other Deficits	436,845	157	15,125	331,698
Other amounts	419,397	0	0	0
Revenue Offsets/Cherry Sheet	168,226	63,944	55,531	55,793
Total Local Expenditures	1,025,468	65,101	75,656	392,491
State and County Charges	1,112,644	1,418,491	1,399,844	1,607,201
Overlay Reserve for Abatements	980,884	958,499	703,742	700,000
<b>TOTAL EXPENDITURES</b>	<b>\$103,338,507</b>	<b>\$110,625,297</b>	<b>\$111,790,811</b>	<b>\$116,164,752</b>
<b>EST. RECEIPTS &amp; OTHER REVENUE</b>				
Estimated Receipts from State:				
Cherry Sheet Estimated Receipts	11,626,528	11,110,423	9,198,703	9,163,303
Cherry Sheet Estimated Charges	0	315	0	0
Total from State	11,626,528	11,110,738	9,198,703	9,163,303
Estimated Local Receipts:				
Local Estimated Receipts	7,803,000	7,907,000	8,254,000	8,530,000
Offset Receipts	1,393,010	1,421,200	1,619,000	1,685,820
Enterprise Funds	9,579,747	10,568,992	10,458,979	11,203,798
Revolving Funds (53e 1/2)	0	0	0	0
Total Local Receipts	18,775,757	19,897,192	20,331,979	21,419,618
Free Cash and Other Revenue:				
Free Cash - Articles	2,555,912	2,623,476	1,649,775	2,539,000
Other Available Funds	249,740	862,791	240,707	360,829
Total Other Appropriations	2,805,652	3,486,267	1,890,482	2,899,829
Free Cash - Operating Budget	300,000	300,000	1,205,307	800,000
Total Estimated Receipts	33,507,937	34,794,197	32,626,471	34,282,750
Total Property Taxes	69,830,570	75,831,100	79,164,340	81,882,002
<b>TOTAL REVENUES</b>	<b>103,338,507</b>	<b>110,625,297</b>	<b>111,790,811</b>	<b>116,164,752</b>

## VALUATIONS AND TAX RATES

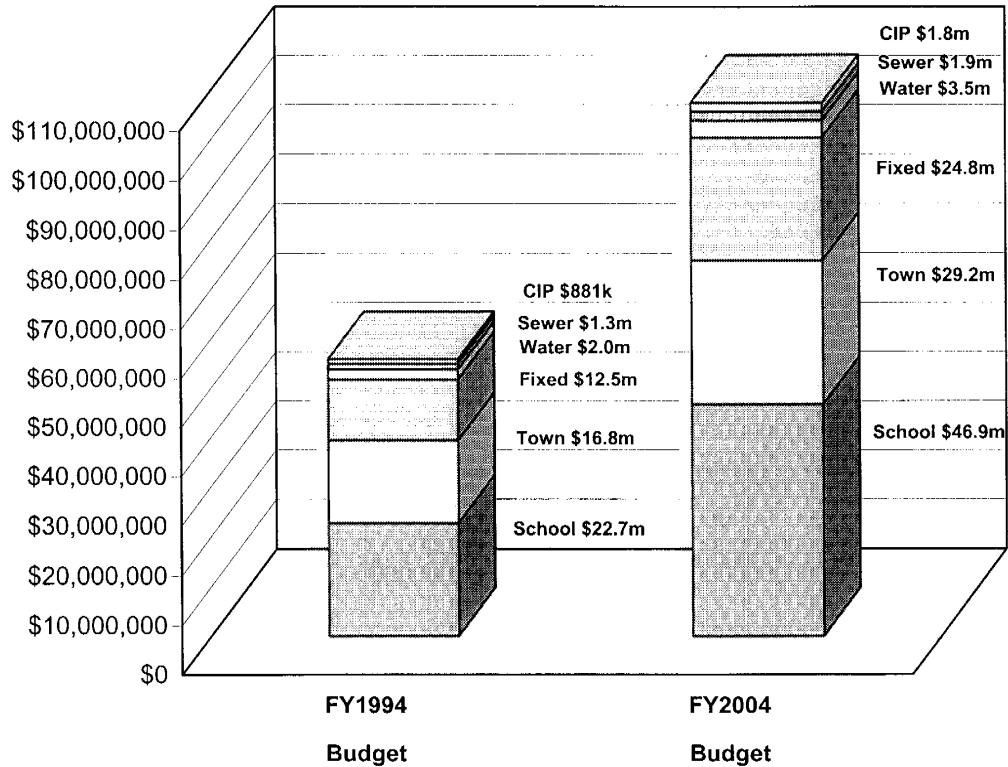
	<u>FINAL FY2002</u>	<u>FINAL FY2003</u>	<u>FINAL FY2004</u>	<u>PROJ FY2005</u>
TOTAL VALUATION (IN THOUSANDS)	\$4,496,094	\$5,913,652	\$6,113,568	\$6,213,568
RESIDENTIAL TAX RATE	14.13	11.63	11.47	
COMM, IND, PER PROP TAX RATE	19.57	16.54	18.13	
EQUALIZED TAX RATE	15.53	12.82	12.95	13.18

## WHERE REVENUES COME FROM

	<u>FINAL FY2002</u>	<u>FINAL FY2003</u>	<u>FINAL FY2004</u>	<u>PROJ FY2005</u>
STATE AID	11.25%	10.04%	8.23%	7.89%
LOCAL REVENUE	18.17%	17.99%	18.19%	18.44%
OTHER FUNDS	0.24%	0.78%	0.22%	0.31%
FREE CASH	2.76%	2.64%	2.55%	2.87%
PROPERTY TAXES	67.57%	68.55%	70.81%	70.49%
	100.00%	100.00%	100.00%	100.00%

# 10 Year Budget Change - FY1994 to FY2004

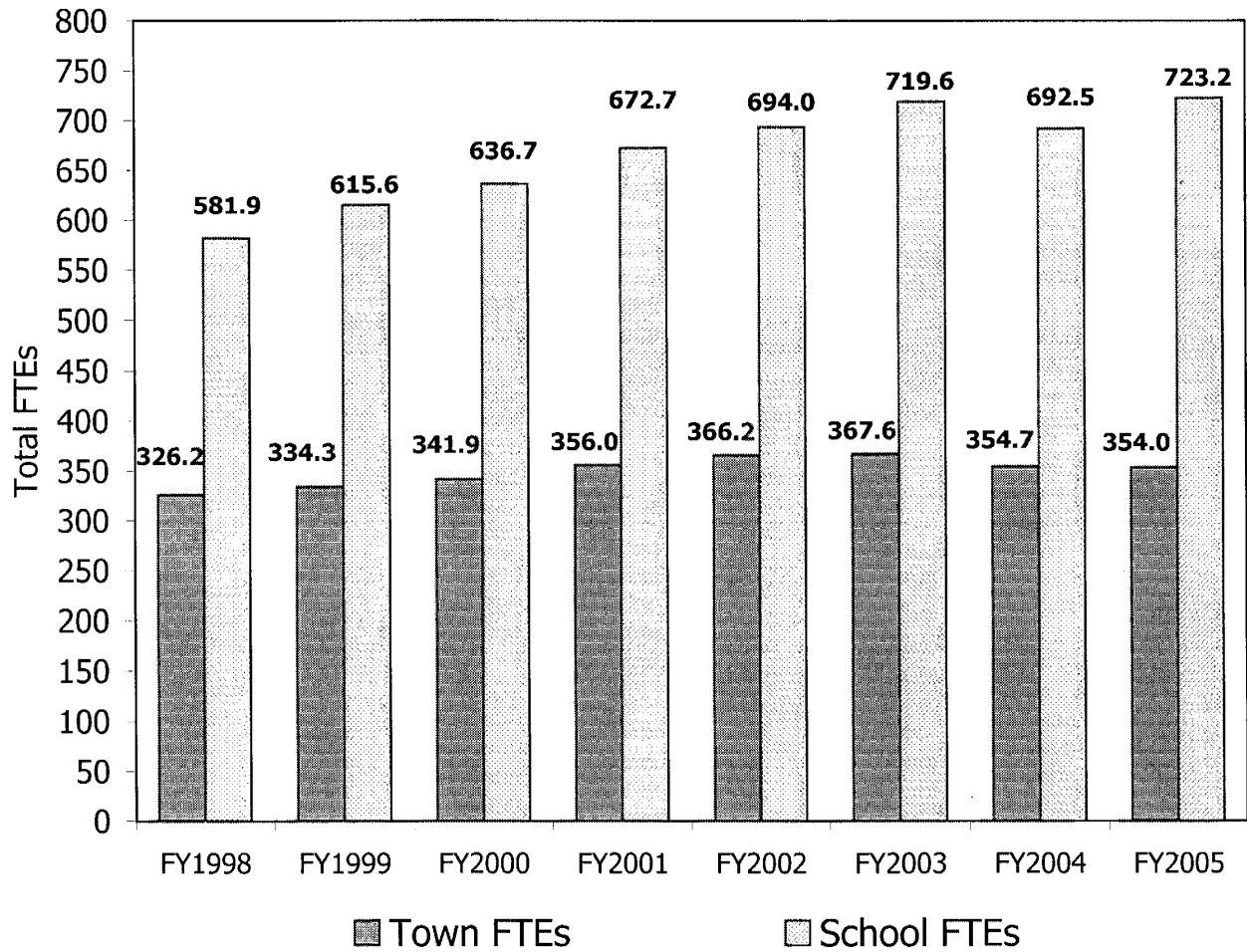
## Total & Proportional Change



	Budget FY1994	Budget FY2004	10 Year Total & Prop. % Change
Capital Improvements Projects	\$881,000 1.6%	\$1,751,000 1.6%	98.8% 3.2%
Sewer Enterprise	\$1,254,627 2.2%	\$1,874,832 1.7%	49.4% -22.4%
Water Enterprise	\$1,988,553 3.5%	\$3,458,579 3.2%	73.9% -9.7%
Fixed & GLTHS	\$12,454,649 22.2%	\$24,844,800 23.0%	99.5% 3.6%
Town Departments	\$16,781,511 29.9%	\$29,202,927 27.0%	74.0% -9.7%
School Department	\$22,722,068 40.5%	\$46,888,266 43.4%	106.4% 7.1%
<b>TOTAL OPERATING BUDGET</b>	<b>\$56,082,408</b> 100.0%	<b>\$108,020,404</b> 100.0%	<b>92.6%</b>



## Town & School Employees (FTEs) FY1998-FY2005



	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>Budget FY2005</u>
Gen. Gov.	61.9	67.3	68.5	74.6	76.7	76.9	74.0	73.7
Library	32.6	32.7	32.6	33.6	33.6	32.6	30.4	30.5
DPW	47.6	47.6	48.6	50.6	53.2	54.4	52.4	52.4
Fire	68.7	69.8	72.8	72.8	74.0	74.0	72.5	72.0
Police	64.0	65.0	67.5	70.5	73.5	74.5	72.5	72.5
P&F	51.4	51.9	51.9	53.9	55.2	55.2	52.9	52.9
<b>Town FTEs</b>	<b>326.2</b>	<b>334.3</b>	<b>341.9</b>	<b>356.0</b>	<b>366.2</b>	<b>367.6</b>	<b>354.7</b>	<b>354.0</b>
<b>School FTEs</b>	<b>581.9</b>	<b>615.6</b>	<b>636.7</b>	<b>672.7</b>	<b>694.0</b>	<b>719.6</b>	<b>692.5</b>	<b>723.2</b>
<b>Total FTEs</b>	<b>908.1</b>	<b>949.9</b>	<b>978.6</b>	<b>1,028.7</b>	<b>1,060.2</b>	<b>1,087.2</b>	<b>1,047.2</b>	<b>1,077.2</b>